



Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

**Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing Standards***

The Honorable Members of the
Board of Supervisors of the
County of Chesterfield, Virginia:

We have audited the basic financial statements of the County of Chesterfield, Virginia (the County) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

COMPLIANCE

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The Auditor of Public Accounts of the Commonwealth of Virginia requires us to test the County's compliance with certain matters specified in the Code of Virginia including: budget and appropriation laws; cash and investment laws; conflicts of interest; debt provisions; procurement laws; local retirement systems; unclaimed property and Enhanced 911 service taxes; and State Agency requirements for education, Comprehensive Services Act for at-risk youth and families, highway maintenance, Personal Property Tax Relief Act, and social services. The results of our tests disclosed no instances of noncompliance that are required to be reported in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the County in a separate letter dated October 11, 2002.





This report is intended solely for the information and use of the Board of Supervisors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 11, 2002